

**1 SAFE HARBOR EMPLOYEE NOTICE**

If notice has been delivered electronically, the employee may request a written paper notice that must be provided at no charge.

**To:** All employees of Poverello Center Inc (the “Company”) and participating affiliates, if any eligible for the Poverello Center Inc 401(k) Plan (the “Plan”)  
**From:** Poverello Center Inc  
**Subject:** Safe Harbor Matching Contributions

During the Plan Year that begins 1/1/2020, the employer matching contribution formula described below will be offered under the Plan and the Plan will be a “safe harbor 401(k) plan” under the Internal Revenue Code.

**Election to Make Elective Deferral Contributions**

If you are not already making Elective Deferral contributions, you may make an initial election to defer a portion of your compensation into the Plan by either completing and filing the election form with the Company or through ADP’s automated voice response system (or through the ADP participant web site if it is available under our Plan). If you are already making Elective Deferral contributions, you may change the deferral percentage you previously elected by calling the ADP automated voice response system (or through the ADP participant web site if it is available under our Plan). Any initial election or change of election by an eligible employee may be made at any time and will be effective as soon as administratively feasible after receipt and processing of your election.

If you have not completed a salary deferral agreement within 30 days after you become eligible to enter the Plan and make salary deferrals, we will automatically withhold 1% of your compensation from your paycheck each payroll period and contribute that amount to the Plan as a pre-tax salary deferral. You may enter a salary deferral agreement at any time to select an alternative deferral amount or to elect not to defer under the Plan. If you have any questions concerning the application of this automatic contribution provision, please contact the Administrator.

**Safe Harbor Matching Contributions**

The Company will make a Safe Harbor Matching Contribution equal to 100% on the first 4% of your compensation that you defer as an Elective Deferral.

Safe Harbor Matching Contributions will be made on a payroll-by-payroll basis.

**Vesting and Withdrawal Provisions**

You are always 100% vested in your employee Elective Deferral and Safe Harbor Matching Contributions accounts. A description of the Plan’s vesting and withdrawal provisions that apply to contributions under the Plan is attached as part of this Notice.

Please refer to your Plan’s Summary Plan Description for information about the Plan’s provisions including any other contributions that may be made and the conditions under which they are made, and the type and amount of compensation you may defer.

The Company reserves the right to suspend the Safe Harbor Contribution under our Plan during the Plan Year. You will receive a supplemental notice if this occurs. Any such change would not take effect until after the plan is amended to suspend the Safe Harbor Contribution, but no earlier than 30 days after the supplemental notice is provided to you.

For additional information (including requesting a copy of the Plan’s Summary Plan Description) please contact:

Name of Company Contact: Thomas S Pietrogallo  
Mailing Address: 2056 N Dixie Highway  
Wilton Manors, FL 33305  
E-mail Address (if applicable): tpietrogallo@poverello.org  
Phone Number: 954-561-3663

## SAFE HARBOR EMPLOYEE NOTICE

### VESTING AND WITHDRAWAL PROVISIONS

#### WHAT DOES VESTING MEAN?

Vesting is your right to the contributions in your total Account Balance. In other words, to be vested refers to that portion of your Account Balance that is yours and which cannot be forfeited. Upon termination of Employment, you are entitled to the entire vested portion of your Account Balance.

You are always 100% fully vested in your Elective Deferral, Matching and Rollover (if any) Contribution Accounts.

In some circumstances, the Company may need to make special contributions on your behalf called Qualified Matching Contributions or Qualified Nonelective Contributions. If made, you are always 100% vested in these contribution accounts.

If you terminate Employment due to death, Disability or attainment of age 65, the Plan's Normal Retirement Age, you will also be 100% fully vested in your total Account Balance. If you die on or after January 1, 2007, while performing qualified military service, you will be treated for vesting purposes as if you resumed employment with the Company and then terminated Employment due to death. Qualified military service means any service in the uniformed services (as defined in the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA")) that entitles an employee to reemployment rights under USERRA.

If you leave the Company for any other reason, you will be vested in your Nonelective Contributions Account according to the following schedule:

<u>Years of Service</u>	<u>Vested %</u>
Less than 2 years	0%
At least 2 years, but less than 3	20%
At least 3 years, but less than 4	40%
At least 4 years, but less than 5	60%
At least 5 years, but less than 6	80%
6 Years or more	100%

If you have employer contributions (other than those discussed above) that were contributed to your account before your Plan converted to the ADP recordkeeping system, these contributions may be vesting on a different vesting schedule. Please consult your Plan administrator if you have any questions.

For information about how Years of Service are calculated under the Plan, please review the Section entitled "What Does Vesting Mean?" in the Plan's Summary Plan Description (SPD).

#### WHAT HAPPENS IF I BECOME PERMANENTLY DISABLED?

If you become Disabled under the Plan while you were employed by the Employer, you become 100% vested in all your total Account Balance. Please see the Plan SPD section entitled "What Happens If I Become Permanently Disabled?" to learn how the Plan defines Disabled for this purpose.

#### WHEN CAN I RECEIVE PLAN BENEFITS?

Benefits are payable to you after you leave the Company for any reason (retirement, termination, Disability or death). There is generally an extra 10% tax on distributions before age 59-1/2, with certain exceptions. You can learn more about the extra 10% tax in IRS Publication 575, Pension and Annuity Income.

If you are performing service in the uniformed services while on active duty for a period of more than 30 days, you may be eligible to obtain a distribution from your Elective Deferral account(s). If you elect to receive such a distribution, you will be suspended from making Elective Deferrals for 6 months beginning on the date of the distribution. If you are eligible for both this distribution and a qualified reservist distribution (see below), your distribution will be processed as a qualified reservist distribution. Please consult your Plan's administrator if you have any questions regarding this provision.

#### MAY I WITHDRAW FUNDS WHILE STILL EMPLOYED?

You may withdraw all or part of your vested Account Balance once you reach age 59½. You may also withdraw any or part of your Rollover Contribution Account in the Plan as well as any After-Tax Contributions that may be held in your account in the Plan at any time and at any age. If you were a participant in the Plan prior to the date the Plan was converted to the ADP recordkeeping system, or in a plan that was merged into the Plan, please contact your Plan administrator or refer to the SPD that was in effect prior to the date the

Plan was converted to the ADP recordkeeping system for information on any additional in-service distribution rights that may be available to you.

In the event of a financial hardship you may withdraw your own Elective Deferrals (excluding earnings on your Elective Deferrals) as well as any vested or Matching Contributions or Nonelective Contributions. Safe Harbor Contributions are not permitted to be withdrawn in the event of a financial hardship.

To make a hardship withdrawal under current Internal Revenue Service rules, you must be able to show that you are suffering an immediate and heavy financial hardship and that the money cannot be obtained from any other source. You must take any non-hardship in-service withdrawals that may be available to you under the Plan before you may obtain a hardship withdrawal. You also must first obtain the maximum available loan under the Plan. You will not be required to take the maximum available loan before receiving a hardship withdrawal to the extent that repaying the loan would increase the amount of your hardship. Please see the Section of the Plan's SPD entitled "May I Withdraw Funds While Still Employed?" for more information about hardship withdrawals.

Circumstances that qualify as an immediate and heavy financial hardship are (1) expenses for medical care (described in Section 213(d) of the Internal Revenue Code) previously incurred by you, your spouse, your dependent or your primary beneficiary under the Plan or necessary for you, your spouse, your dependent, or your primary beneficiary under the Plan to obtain medical care; (2) costs directly related to the purchase of your principal residence (excluding mortgage payments); (3) tuition, related educational fees, and room and board expenses for the next twelve (12) months of post secondary education for yourself, your spouse or dependent or your primary beneficiary under the Plan; (4) amounts necessary to prevent your eviction from your principal residence or foreclosure on the mortgage of your principal residence; (5) payments for burial or funeral expenses for your deceased parent, spouse, children or other dependents or your primary beneficiary under the Plan; or (6) expenses for the repair of damage to your principal residence that would qualify for the casualty deduction under the Internal Revenue Code. For this purpose, a "primary beneficiary under the Plan" is an individual who is named as your beneficiary under the Plan and has an unconditional right to all or a portion of your account balance if you die.

In addition, the amount of your hardship withdrawal must be no more than the amount necessary to satisfy your immediate and heavy financial need, plus any income taxes or penalties which are expected to result from the distribution. The minimum permitted hardship withdrawal is \$500. The hardship withdrawal may be subject to a 10% excise tax imposed by the IRS. You will be suspended from making elective contributions for 6 months after you receive a hardship withdrawal that includes Elective Deferrals.

If you are a qualified member of the reserves, you also may be eligible to request a *qualified reservist distribution*. A *qualified reservist distribution* is an exception to Plan restrictions on withdrawal of elective deferrals. Further, the extra 10% tax on a payout before age 59½ doesn't apply to a qualified reservist distribution. For more information, see the Section in the Plan's SPD entitled "My I Withdraw Funds While Still Employed?". A qualified reservist distribution may be taken from your Elective Deferral accounts.

## **HOW DO LOANS WORK?**

You may borrow certain amounts from the vested portion of your Account. You can learn more about the Plan's loan rules in SPD section entitled "How Do Loans Work?".

## **ROTH ELECTIVE DEFERRALS**

Under our Plan you are able to make two kinds of Elective Deferrals. You may make Pre-Tax Elective Deferrals, or you may make Roth Elective Deferrals. There are a number of ways to contribute Roth Elective Deferrals to the Plan. The first is by electing to contribute Roth Elective Deferrals directly to the Plan. (Roth Elective Deferrals contributed directly to the Plan will be recorded in a Roth Elective Deferral Account.) The second is by making a Roth Rollover Contribution to the Plan. Please see the sections of the Plan's SPD entitled "What Contributions Are Made to the Plan?" and "If I Received a Distribution From Another Eligible Retirement Plan, May I Contribute That Amount to the Plan?" for more information about Pre-Tax Elective Deferrals, Roth Elective Deferrals, and Roth Rollover Contributions.

Roth Elective Deferrals are generally treated in the same manner as Pre-Tax Elective Deferrals. This means that your Roth Elective Deferral sub-account is always fully vested and is subject to the distribution restrictions and provisions discussed elsewhere in this Safe Harbor Notice. Your Roth Rollover Contribution sub-account is also fully vested and subject to the distribution restrictions and provisions discussed elsewhere in this Safe Harbor Notice. Loans are available from your Roth Elective Deferral, and Roth Rollover Contribution sub-accounts. You are also permitted to:

- take a hardship distribution from your Roth Elective Deferral sub-account (excluding earnings);
- take an in-service distribution from your Roth Elective Deferral sub-account once you reach age 59-1/2; and
- take an in-service distribution from your Roth Rollover Contribution sub-accounts at any time.

Roth Elective Deferrals and Roth Rollover Contributions are taxed differently than Pre-Tax Elective Deferrals upon distribution. You can learn more about how distributions are taxed in the section of the Plan's SPD entitled "How Are My Distributions From The Plan Taxed?".